



December 12, 2014

REVISED

To: Executive Board

Subject: **FY2014/2015 First Quarter Budget Update**

Recommendation

Receive and file the First Quarter Budget Update for the fiscal year ending on June 30, 2015.

The attached Departmental First Quarter Budget Result summarizes Foothill Transit's expenditures through the first quarter and provides a forecast to complete the fiscal year.

Budget Update

As of September 30, 2014, Foothill Transit is \$1.4 million under the approved operating budget of \$18.8 million. This variance is primarily attributable to savings achieved with the award of the new operating contract for the Arcadia operations and maintenance facility, as the budget was prepared prior to knowledge of the final contract amount.

After reviewing the first quarter budget and expenditures, Foothill Transit is forecasted to end the fiscal year approximately \$3.9 million under the approved operating budget of \$77.2 million.

Operating Accomplishments

A major accomplishment during the first quarter was the transition of operations and maintenance to the new contractor, Transdev at the Arcadia facility and concluding the contract with First Transit for Arcadia. Also occurring during the first quarter was the Ecoliner event celebrating full electrification of Line 291, the first fast charge all-electric bus line in the nation.

Other accomplishments include substantial work on the Comprehensive Operational Analysis (COA) and development of a detailed RFP for the new CAD/AVL system. The Comprehensive Financial Audit Report (CAFR) was completed and Foothill Transit received a clean audit. Also, the Federal Transit Administration (FTA) Triennial Review was completed with a minimal number of findings, primarily related to regional paratransit services. Another major accomplishment was the contract award to ICMA and the implementation of the employee 401A and 457 retirement programs.



The Class Pass program was re-marketed at Mt. Sac, Rio Hondo, Cal Poly Pomona and Cal State LA. Foothill Transit prepared for a student vote at Mt. Sac to provide permanent funding for the program.

Capital Project Accomplishments

Significant achievements during the first quarter of FY2014/2015 in the capital programs include acceptance of 30 new CNG buses into the bus fleet, completion of the Puente Hill Transit Store remodel project and award of a contract for construction of the Azusa Park & Ride Project.

FY2014/2015 Budgetary Variances

The first-quarter budget analysis identifies four accounts that have budgetary variances from the proposed annual budget: 1) Arcadia Express and Local Lines, 2) Janitorial Services, 3) Security services for the Transit Stores and 4) Nextbus License Fee.

- The Arcadia Express and Local Lines variance occurred as a result of the contract transition from First Transit to Transdev. The budget was formulated during the transition period with unknown contract cost. This variance is under the approved budget.
- The Janitorial and Security services variances were the result of inadequate budgeting for functional responsibilities that were being split between the contractor and Foothill Transit beginning this fiscal year. These variances exceed the approved budget.
- The variance in the Nextbus License Fee, the annual cost for operating the system, resulted when the budget was transferred from the capital project to the operating budget. Although the operating budget appears over budget, the capital budget is under budget for this item.

Areas for Budgetary Improvement

The Department of Finance will continue to review and analyze the budget on a quarterly basis to avoid inadequate budgeting as well as to identify future improvements.

Sincerely,

Michelle Caldwell
Director of Finance

Doran J. Barnes
Executive Director

Attachment

FY14/15 Quarterly Budget Variance Report
TOTAL BUDGET BY DEPARTMENT
Annual Forecast

From July 1, 2014 to
September 30, 2014

	DEPARTMENTS	Actual Y-T-D	Budget Y-T-D	Variance Y-T-D	Annual Budget	Annual Forecast	Estimated Variance from Budget
1	Customer Service & Operations	\$15,088,757	\$15,779,722	\$690,965	\$65,268,600	\$61,885,542	\$3,383,058
2	Maintenance & Vehicle Technology	117,600	170,655	53,055	682,600	661,166	21,434
3	Marketing	285,936	413,711	127,775	1,654,800	1,630,033	24,767
4	IT	328,326	469,152	140,826	1,876,600	1,875,186	1,414
5	Administrative	617,049	708,858	91,809	2,835,400	2,711,228	124,172
6	Procurement	171,367	205,077	33,710	820,300	807,875	12,425
7	Finance	224,997	290,901	65,904	1,043,600	1,037,107	6,493
8	Planning	235,963	440,175	204,212	1,760,700	1,327,421	433,279
9	Facilities ¹	286,277	329,676	43,399	1,318,670	1,351,449	(32,779)
	TOTAL	\$17,356,272	\$18,807,927	\$1,451,655	\$77,261,270	\$73,287,007	\$3,974,263

¹ The variance in Facilities is a result of the shift of functional responsibilities with the formation of Foothill Transit.